

### **SPECIAL HOUSING TYPES, PROGRAMS, AND PILOTS**

[24 CFR 982 Subpart M]

#### **INTRODUCTION**

MSHDA may permit a family to use any of the special housing types discussed in this chapter. However, MSHDA is not required to permit families receiving assistance in its jurisdiction to use these housing types, except that MSHDA must permit use of any special housing type if needed as a reasonable accommodation for a person with a disability. MSHDA also may limit the number of families who receive HCV assistance in these housing types and cannot require families to use a particular housing type. No special funding is provided for special housing types.

#### MSHDA Policy

Families will only be permitted to use the homeownership and manufactured special housing types, unless use is needed as a reasonable accommodation so that the program is readily accessible to a person with disabilities. Other special housing types are not permitted by MSHDA.

Special housing types include single room occupancy (SRO), congregate housing, group homes, shared housing, cooperative housing, manufactured homes where the family owns the home and leases the space, and homeownership [24 CFR 982.601].

This chapter consists of the following seven parts. Each part contains a description of the housing type and any special requirements associated with it. Except as modified by this chapter, the general requirements of the HCV program apply to special housing types.

#### Part I: Single Room Occupancy

#### Part II: Congregate Housing

#### Part III: Group Homes

#### Part IV: Shared Housing

#### Part V: Cooperative Housing

#### Part VI: Manufactured Homes (including manufactured home space rental)

#### Part VII: Homeownership

#### Part VIII. Moderate Rehabilitation Program

#### Part IX. Veterans Administration Supportive Housing (VASH) Program

#### Part X. Mainstream and Mainstream 5

#### Part XI. Moving Up

#### Part XII. Family Self-Sufficiency

#### Part XIII. Prisoner Re-Entry Pilot Program

#### Part XIV. Affordable Assisted Housing Program (AAHP) (Pilot)

### **PART I: SINGLE ROOM OCCUPANCY**

[24 CFR 982.602 through 982.605]

#### **15-I.A. OVERVIEW**

A single room occupancy (SRO) unit provides living and sleeping space for the exclusive use of the occupant but requires the occupant to share sanitary and/or food preparation facilities with others. More than one person may not occupy an SRO unit. HCV regulations do not limit the number of units in an SRO facility, but the size of a facility may be limited by local ordinances.

When providing HCV assistance in an SRO unit, a separate lease and HAP contract are executed for each assisted person, and the standard form of the HAP contract is used.

#### **MSHDA Policy**

This housing type is not permitted by MSHDA except for reasonable accommodation.

#### **15-I.B. PAYMENT STANDARD, UTILITY ALLOWANCE, AND HAP CALCULATION**

The payment standard for SRO housing is 75 percent of the zero-bedroom payment standard amount on the PHA's payment standard schedule.

The utility allowance for an assisted person residing in SRO housing is 75 percent of the zero-bedroom utility allowance.

The HAP for an assisted occupant in an SRO facility is the lower of the SRO payment standard amount minus the TTP or the gross rent for the unit minus the TTP.

#### **15-I.C. HOUSING QUALITY STANDARDS (HQS)**

HQS requirements described in Chapter 8 apply to SRO housing except as modified below.

- *Access:* Access doors to the SRO unit must have working locks for privacy. The occupant must be able to access the unit without going through any other unit. Each unit must have immediate access to two or more approved means of exit from the building, appropriately marked and leading to safe and open space at ground level. The SRO unit must also have any other means of exit required by State or local law.
- *Fire Safety:* All SRO facilities must have a sprinkler system that protects major spaces. "Major spaces" are defined as hallways, common areas, and any other areas specified in local fire, building, or safety codes. SROs must also have hard-wired smoke detectors, and any other fire and safety equipment required by state or local law.

Sanitary facilities and space and security standards must meet local code requirements for SRO housing. In the absence of local code standards the requirements discussed below apply [24 CFR 982.605].

- *Sanitary Facilities:* At least one flush toilet that can be used in privacy, a lavatory basin, and a bathtub or shower in proper operating condition must be provided for each six persons (or fewer) residing in the SRO facility. If the SRO units are leased only to men, flush urinals may be substituted for up to one half of the required number of toilets. Sanitary facilities must be reasonably accessible from a common hall or passageway, and may not be located

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more than one floor above or below the SRO unit. They may not be located below grade unless the SRO units are located on that level.

- *Space and Security:* An SRO unit must contain at least 110 square feet of floor space, and at least four square feet of closet space with an unobstructed height of at least five feet, for use by the occupant. If the closet space is less than four square feet, the habitable floor space in the SRO unit must be increased by the amount of the deficiency. Exterior doors and windows accessible from outside the SRO unit must be lockable.

Because no children live in SRO housing, the housing quality standards applicable to lead-based paint do not apply.

### **PART II: CONGREGATE HOUSING**

[24 CFR 982.606 through 982.609]

#### **15-II.A. OVERVIEW**

Congregate housing is intended for use by elderly persons or persons with disabilities. A congregate housing facility contains a shared central kitchen and dining area and a private living area for the individual household that includes at least a living room, bedroom and bathroom. Food service for residents must be provided.

If approved by the PHA, a family member or live-in aide may reside with the elderly person or person with disabilities. The PHA must approve a live-in aide if needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities.

When providing HCV assistance in congregate housing, a separate lease and HAP contract are executed for each assisted family, and the standard form of the HAP contract is used.

#### MSHDA Policy

This housing type is not permitted by MSHDA except for reasonable accommodation.

#### **15-II.B. PAYMENT STANDARD, UTILITY ALLOWANCE, AND HAP CALCULATION**

The payment standard for an individual unit in a congregate housing facility is based on the number of rooms in the private living area. If there is only one room in the unit (not including the bathroom or the kitchen, if a kitchen is provided), the PHA must use the payment standard for a zero-bedroom unit. If the unit has two or more rooms (other than the bathroom and the kitchen), the PHA must use the 1-bedroom payment standard.

The HAP for an assisted occupant in a congregate housing facility is the lower of the applicable payment standard minus the TTP or the gross rent for the unit minus the TTP.

The gross rent for the unit for the purpose of calculating HCV assistance is the shelter portion (including utilities) of the resident's monthly housing expense only. The residents' costs for food service should not be included in the rent for a congregate housing unit.

### **15-II.C. HOUSING QUALITY STANDARDS**

HQS requirements as described in Chapter 8 apply to congregate housing except for the requirements stated below.

Congregate housing must have (1) a refrigerator of appropriate size in the private living area of each resident; (2) a central kitchen and dining facilities located within the premises and accessible to the residents, and (3) food service for the residents, that is not provided by the residents themselves.

The housing quality standards applicable to lead-based paint do not apply.

## **PART III: GROUP HOME**

[24 CFR 982.610 through 982.614 and HCV GB p. 7-4]

### **15-III.A. OVERVIEW**

A group home is a state-licensed facility intended for occupancy by elderly persons and/or persons with disabilities. Except for live-in aides, all persons living in a group home, whether assisted or not, must be elderly persons or persons with disabilities. Persons living in a group home must not require continuous medical or nursing care.

A group home consists of bedrooms for residents, which can be shared by no more than two people, and a living room, kitchen, dining area, bathroom, and other appropriate social, recreational, or community space that may be shared with other residents.

No more than 12 persons may reside in a group home including assisted and unassisted residents and any live-in aides.

If approved by the PHA, a live-in aide may live in the group home with a person with disabilities. The PHA must approve a live-in aide if needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities.

When providing HCV assistance in a group home, a separate lease and HAP contract is executed for each assisted family, and the standard form of the HAP contract is used.

#### **MSHDA Policy**

This housing type is not permitted by MSHDA except for reasonable accommodation.

### **15-III.B. PAYMENT STANDARD, UTILITY ALLOWANCE, AND HAP CALCULATION**

Unless there is a live-in aide, the family unit size for an assisted occupant of a group home must be zero- or 1-bedroom, depending on the PHA's subsidy standard. If there is a live-in aide, the aide must be counted in determining the household's unit size.

The payment standard used to calculate the HAP is the lower of the payment standard for the family unit size or the prorata share of the payment standard for the group home size. The prorata

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share is calculated by dividing the number of persons in the assisted household by the number of persons (assisted and unassisted) living in the group home.

The HAP for an assisted occupant in a group home is the lower of the payment standard minus the TTP or the gross rent minus the TTP.

The utility allowance for an assisted occupant in a group home is the prorata share of the utility allowance for the group home.

The rents paid for participants residing in group homes are subject to generally applicable standards for rent reasonableness. The rent for an assisted person must not exceed the prorata portion of the reasonable rent for the group home. In determining reasonable rent, the PHA should consider whether sanitary facilities and facilities for food preparation and service are common facilities or private facilities.

### 15-III.C. HOUSING QUALITY STANDARDS

HQS requirements described in Chapter 8 apply to group homes except for the requirements stated below.

- *Sanitary Facilities:* A group home must have at least one bathroom in the facility, with a flush toilet that can be used in privacy, a fixed basin with hot and cold running water, and a shower or bathtub with hot and cold running water. A group home may contain private or common bathrooms. However, no more than four residents can be required to share a bathroom.
- *Food Preparation and Service:* Group home units must contain a kitchen and dining area with adequate space to store, prepare, and serve food. The facilities for food preparation and service may be private or may be shared by the residents. The kitchen must contain a range, an oven, a refrigerator, and a sink with hot and cold running water. The sink must drain into an approvable public or private disposal system.
- *Space and Security:* Group homes must contain at least one bedroom of appropriate size for every two people, and a living room, kitchen, dining area, bathroom, and other appropriate social, recreational, or community space that may be shared with other residents.
- *Structure and Material:* To avoid any threat to the health and safety of the residents, group homes must be structurally sound. Elevators must be in good condition. Group homes must be accessible to and usable by residents with disabilities.
- *Site and Neighborhood:* Group homes must be located in a residential setting. The site and neighborhood should be reasonably free from hazards to the health, safety, and general welfare of the residents, and should not be subject to serious adverse conditions, such as:
  - Dangerous walks or steps
  - Instability
  - Flooding, poor drainage
  - Septic tank back-ups
  - Sewage hazards
  - Mud slides

- Abnormal air pollution
- Smoke or dust
- Excessive noise
- Vibrations or vehicular traffic
- Excessive accumulations of trash
- Vermin or rodent infestation, and
- Fire hazards.

The housing quality standards applicable to lead-based paint do not apply.

### **PART IV: SHARED HOUSING**

[24 CFR 982.615 through 982.618]

#### **15-IV.A. OVERVIEW**

Shared housing is a single housing unit occupied by an assisted family and another resident or residents. The shared unit consists of both common space for use by the occupants of the unit and separate private space for each assisted family.

An assisted family may share a unit with other persons assisted under the HCV program or with other unassisted persons. The owner of a shared housing unit may reside in the unit, but housing assistance may not be paid on behalf of the owner. The resident owner may not be related by blood or marriage to the assisted family.

If approved by the PHA, a live-in aide may reside with the family to care for a person with disabilities. The PHA must approve a live-in aide if needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities.

When providing HCV assistance in shared housing, a separate lease and HAP contract are executed for each assisted family, and the standard form of the HAP contract is used.

#### **MSHDA Policy**

This housing type is not permitted by MSHDA except for reasonable accommodation.

#### **15-IV.B. PAYMENT STANDARD, UTILITY ALLOWANCE AND HAP CALCULATION**

The payment standard for a family in shared housing is the lower of the payment standard for the family unit size or the prorata share of the payment standard for the shared housing unit size.

The prorata share is calculated by dividing the number of bedrooms available for occupancy by the assisted family in the private space by the total number of bedrooms in the unit.

The HAP for a family in shared housing is the lower of the payment standard minus the TTP or the gross rent minus the TTP. The utility allowance for an assisted family living in shared housing is the prorata share of the utility allowance for the shared housing unit.

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The rents paid for families living in shared housing are subject to generally applicable standards for rent reasonableness. The rent paid to the owner for the assisted family must not exceed the pro-rata portion of the reasonable rent for the shared unit. In determining reasonable rent, the PHA should consider whether sanitary and food preparation areas are private or shared.

### 15-IV.C. HOUSING QUALITY STANDARDS

The PHA may not give approval to reside in shared housing unless the entire unit, including the portion of the unit available for use by the assisted family under its lease, meets the housing quality standards.

HQS requirements described in Chapter 8 apply to shared housing except for the requirements stated below.

- *Facilities Available for the Family:* Facilities available to the assisted family, whether shared or private, must include a living room, a bathroom, and food preparation and refuse disposal facilities.
- *Space and Security:* The entire unit must provide adequate space and security for all assisted and unassisted residents. The private space for each assisted family must contain at least one bedroom for each two persons in the family. The number of bedrooms in the private space of an assisted family must not be less than the family unit size. A zero-bedroom or 1-bedroom unit may not be used for shared housing.

## PART V: COOPERATIVE HOUSING

[24 CFR 982.619]

### 15-V.A. OVERVIEW

This part applies to rental assistance for a cooperative member residing in cooperative housing. It does not apply to assistance for a cooperative member who has purchased membership under the HCV homeownership option, or to rental assistance for a family that leases a cooperative housing unit from a cooperative member.

A cooperative is a form of ownership (nonprofit corporation or association) in which the residents purchase memberships in the ownership entity. Rather than being charged “rent” a cooperative member is charged a “carrying charge.”

When providing HCV assistance in cooperative housing, the standard form of the HAP contract is used.

#### MSHDA Policy

This housing type is not permitted by MSHDA except for reasonable accommodation.

### **15-V.B. PAYMENT STANDARD, UTILITY ALLOWANCE AND HAP CALCULATION**

The payment standard and utility allowance are determined according to regular HCV program requirements.

The HAP for a cooperative housing unit is the lower of the payment standard minus the TTP or the monthly carrying charge for the unit, plus any utility allowance, minus the TTP. The monthly carrying charge includes the member's share of the cooperative debt service, operating expenses, and necessary payments to cooperative reserve funds. The carrying charge does not include down payments or other payments to purchase the cooperative unit or to amortize a loan made to the family for this purpose.

### **15-V.C. HOUSING QUALITY STANDARDS**

All standard HQS requirements apply to cooperative housing units. There are no additional HQS requirements.

## **PART VI: MANUFACTURED HOMES**

[24 CFR 982.620 through 982.624]

### **15-VI.A. OVERVIEW**

A manufactured home is a manufactured structure, transportable in one or more parts, which is built on a permanent chassis, and designed for use as a principal place of residence. HCV-assisted families may occupy manufactured homes in two different ways.

(1) A family can choose to rent a manufactured home already installed on a space and MSHDA must permit it. In this instance program rules are the same as when a family rents any other residential housing, except that there are special HQS requirements as provided in 15-VI.D below.

(2) HUD also permits an otherwise eligible family that owns a manufactured home to rent a space for the manufactured home and receive HCV assistance with the rent for the space. MSHDA may, but is not required to, provide assistance for such families.

### **15-VI.B. SPECIAL POLICIES FOR MANUFACTURED HOME OWNERS WHO LEASE A SPACE**

#### **Family Income**

In determining the annual income of families leasing manufactured home spaces, the value of the family's equity in the manufactured home in which the family resides is not counted as a family asset.

#### **Lease and HAP Contract**

There is a separate Tenancy Addendum (Form 52642-a) and separate HAP Contract (Form 52642) for this special housing type.



## **15-VI.C. PAYMENT STANDARD, UTILITY ALLOWANCE AND HAP CALCULATION**

### **Payment Standards**

The FMR for a manufactured home space is generally 40 percent of the published FMR for a 2-bedroom unit or, where approved by HUD, the 40th percentile of the rental distribution of manufactured home spaces for the FMR area. MSHDA may establish a payment standard for manufactured home spaces that is between 90-110 percent of the FMR for manufactured home spaces.

### **Utility Allowance**

MSHDA must establish utility allowances for manufactured home space rental. For the first 12 months of the initial lease term only, the allowance must include an amount for a utility hook-up charge if the family actually incurred a hook-up charge because of a move. This allowance will not be given to a family that leases in place. Utility allowances for manufactured home space must not include the costs of digging a well or installing a septic system.

### **Space Rent**

The space rent is the sum of the rent to the owner for the manufactured home space, any charges for maintenance and management provided by the owner, and the utility allowance for tenant-paid utilities.

### **Housing Assistance Payment**

The HAP for a manufactured home space under the housing choice voucher program is the lower of the payment standard minus the TTP or the (gross) manufactured home space rent minus the TTP.

### **Rent Reasonableness**

Initially, and annually thereafter MSHDA must determine that the rent for the manufactured home space is reasonable based on rents for comparable manufactured home spaces. MSHDA must consider the location and size of the space, and any services and maintenance to be provided by the owner. By accepting the monthly HAP check, the owner certifies that the rent does not exceed rents charged by the owner for comparable unassisted spaces in the manufactured home park or elsewhere.

## **15-VI.D. HOUSING QUALITY STANDARDS**

Under either type of occupancy described in 15-VI.A above, the manufactured home must meet all HQS performance requirements and acceptability criteria discussed in Chapter 8 of this plan. In addition, the following requirement applies:

### ***Manufactured Home Tie-Down***

A manufactured home must be placed on the site in a stable manner, and must be free from hazards such as sliding or wind damage. The home must be securely anchored by a tie-down device that distributes and transfers the loads imposed by the unit to appropriate ground anchors to resist overturning and sliding.

## **PART VII: HOMEOWNERSHIP**

[24 CFR 982.625 through 982.643]

### **15-VII.A. OVERVIEW [24 CFR 982.625]**

The homeownership option is used to assist a family residing in a home purchased and owned by one or more members of the family. A family assisted under this option may be newly admitted or an existing participant in the HCV program. MSHDA must have the capacity to operate a successful HCV homeownership program as defined by the regulations.

Homeownership is defined as monthly homeownership assistance.

MSHDA must offer homeownership assistance if needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities. It is the sole responsibility of MSHDA to determine whether it is reasonable to implement a homeownership program as a reasonable accommodation. MSHDA must determine what is reasonable based on the specific circumstances and individual needs of the person with a disability. MSHDA may determine that it is not reasonable to offer homeownership assistance as a reasonable accommodation in cases where MSHDA has otherwise opted not to implement a homeownership program.

MSHDA must approve a live-in aide if needed as a reasonable accommodation so that the program is readily accessible to and usable by persons with disabilities.

#### MSHDA Policy

MSHDA will offer a Homeownership option for families that receive HCV assistance and meet the qualifications.

### **15-VII.B. FAMILY ELIGIBILITY [24 CFR 982.627]**

The family must meet all of the requirements listed below before the commencement of homeownership assistance. MSHDA may also establish additional initial requirements as long as they are described in the PHA administrative plan.

- The family must have been admitted to the Housing Choice Voucher program.
- The family must qualify as a first-time homeowner or be a cooperative member.
- The family must meet the Federal minimum income requirement. The family must have a gross annual income equal to the Federal minimum wage multiplied by 2000, based on the income of adult family members who will own the home. MSHDA may establish a higher income standard for families. However, a family that meets the federal minimum income requirement (but not MSHDA's requirement) will be considered to meet the minimum income requirement if it can demonstrate that it has been pre-qualified or pre-approved for financing that is sufficient to purchase an eligible unit.
- For disabled families, the minimum income requirement is equal to the current SSI monthly payment for an individual living alone, multiplied by 12.

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- For elderly or disabled families, welfare assistance payments for adult family members who will own the home will be included in determining whether the family meets the minimum income requirement. It will not be included for other families.
- The family must satisfy the employment requirements by demonstrating that one or more adult members of the family who will own the home at commencement of homeownership assistance is currently employed on a full-time basis (the term 'full-time employment' means not less than an average of 30 hours per week); and has been continuously so employed during the year before commencement of homeownership assistance for the family.
- The employment requirement does not apply to elderly and disabled families. In addition, if a family, other than an elderly or disabled family includes a person with disabilities, MSHDA must grant an exemption from the employment requirement if MSHDA determines that it is needed as a reasonable accommodation.
- The family has not defaulted on a mortgage securing debt to purchase a home under the homeownership option.
- Except for cooperative members who have acquired cooperative membership shares prior to commencement of homeownership assistance, no family member has a present ownership interest in a residence at the commencement of homeownership assistance for the purchase of any home.
- Except for cooperative members who have acquired cooperative membership shares prior to the commencement of homeownership assistance, the family has entered a contract of sale in accordance with 24 CFR 982.631(c).
- The family also satisfies all initial requirements established under section 15-VII.C.

### MSHDA Policy

The family must have all three credit scores at or above 640 to be eligible for selection.

The family must have all credit cards, old debt and medical collections paid off.

The family must have \$1,300 saved in the bank for two consecutive months to cover appraisal, good faith deposit and home inspection.

The family must have all bills paid on time for one year.

The family must be able to provide funds amounting to 3%.

### **15-VII.C. SELECTION OF FAMILIES [24 CFR 982.626]**

Unless otherwise provided (under the homeownership option), MSHDA may limit homeownership assistance to families or purposes defined by MSHDA, and may prescribe additional requirements for commencement of homeownership assistance for a family. Any such limits or additional requirements must be described in the PHA administrative plan.

If MSHDA limits the number of families that may participate in the homeownership option, MSHDA must establish a system by which to select families to participate.

### **15-VII.D. ELIGIBLE UNITS [24 CFR 982.628]**

In order for a unit to be eligible, MSHDA must determine that the unit satisfies all of the following requirements:

- The unit must meet HUD’s “eligible housing” requirements. The unit may not be any of the following:
  - A public housing or Indian housing unit;
  - A unit receiving Section 8 project-based assistance;
  - A nursing home, board and care home, or facility providing continual psychiatric, medical or nursing services;
  - A college or other school dormitory;
  - On the grounds of penal, reformatory, medical, mental, or similar public or private institutions.
- The unit must be a one-unit property or a single dwelling unit in a condominium.
- The unit must have been inspected by MSHDA and by an independent inspector designated by the family.
- The unit must meet Housing Quality Standards (HQS) (see Chapter 8).

MSHDA must not approve the unit if MSHDA has been informed that the seller is debarred, suspended, or subject to a limited denial of participation.

### **15-VII.E. ADDITIONAL MSHDA REQUIREMENTS FOR SEARCH AND PURCHASE [24 CFR 982.629]**

It is the family’s responsibility to find a home that meets the criteria for voucher homeownership assistance. MSHDA may establish the maximum time that will be allowed for a family to locate and purchase a home, and may require the family to report on their progress in finding and purchasing a home. If the family is unable to purchase a home within the maximum time established by MSHDA, MSHDA may issue the family a voucher to lease a unit or place the family’s name on the waiting list for a voucher.

### **15-VII.F. HOMEOWNERSHIP COUNSELING [24 CFR 982.630]**

Before commencement of homeownership assistance for a family, the family must attend and satisfactorily complete the pre-assistance homeownership and housing counseling program required by MSHDA. HUD suggests the following topics for MSHDA-required pre-assistance counseling:

- Home maintenance (including care of the grounds);
- Budgeting and money management;
- Credit counseling;
- How to negotiate the purchase price of a home;

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- How to obtain homeownership financing and loan pre-approvals, including a description of types of financing that may be available, and the pros and cons of different types of financing;
- How to find a home, including information about homeownership opportunities, schools, and transportation in MSHDA jurisdiction;
- Advantages of purchasing a home in an area that does not have a high concentration of low-income families and how to locate homes in such areas;
- Information on fair housing, including fair housing lending and local fair housing enforcement agencies; and
- Information about the Real Estate Settlement Procedures Act (12 U.S.C. 2601 et seq.) (RESPA), state and Federal truth-in-lending laws, and how to identify and avoid loans with oppressive terms and conditions.

MSHDA may adapt the subjects covered in pre-assistance counseling (as listed) to local circumstances and the needs of individual families.

MSHDA may also offer additional counseling after commencement of homeownership assistance (ongoing counseling). If MSHDA offers a program of ongoing counseling for participants in the homeownership option, MSHDA shall have discretion to determine whether the family is required to participate in the ongoing counseling.

If MSHDA does not use a HUD-approved housing counseling agency to provide the counseling, MSHDA should ensure that its counseling program is consistent with the counseling provided under HUD's Housing Counseling program.

### MSHDA Policy

Pre-purchase counseling will be provided by MSHDA's Housing Counseling Network and other local partners.

Homeowners will participate in post-purchase counseling, both general and one-on-one, at MSHDA's discretion.

## **15-VII.G. HOME INSPECTIONS, CONTRACT OF SALE, AND MSHDA DISAPPROVAL OF SELLER [24 CFR 982.631]**

### **Home Inspections**

MSHDA may not commence monthly homeownership assistance payments for a family until MSHDA has inspected the unit and has determined that the unit passes HQS.

An independent professional inspector selected by and paid for by the family must also inspect the unit. The independent inspection must cover major building systems and components, including foundation and structure, housing interior and exterior, and the roofing, plumbing, electrical, and heating systems. The independent inspector must be qualified to report on property conditions, including major building systems and components.

MSHDA cannot require the family to use an independent inspector selected by MSHDA. The independent inspector may not be a MSHDA employee or contractor, or other person under

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control of MSHDA. However, MSHDA may establish standards for qualification of inspectors selected by families under the homeownership option.

MSHDA may disapprove a unit for assistance based on information in the independent inspector's report, even if the unit was found to comply with HQS.

### **Contract of Sale**

Before commencement of monthly homeownership assistance payments, a member or members of the family must enter into a contract of sale with the seller of the unit to be acquired by the family. The family must give MSHDA a copy of the contract of sale. The contract of sale must:

- Specify the price and other terms of sale by the seller to the purchaser;
- Provide that the purchaser will arrange for a pre-purchase inspection of the dwelling unit by an independent inspector selected by the purchaser;
- Provide that the purchaser is not obligated to purchase the unit unless the inspection is satisfactory to the purchaser;
- Provide that the purchaser is not obligated to pay for any necessary repairs; and
- Contain a certification from the seller that the seller has not been debarred, suspended, or subject to a limited denial of participation under CFR part 24.

### **Disapproval of a Seller**

In its administrative discretion, MSHDA may deny approval of a seller for the same reasons a MSHDA may disapprove an owner under the regular HCV program [see 24 CFR 982.306(c)].

## **15-VII.H. FINANCING [24 CFR 982.632]**

MSHDA may establish requirements for financing purchase of a home under the homeownership option. This may include requirements concerning qualification of lenders, terms of financing, restrictions concerning debt secured by the home, lender qualifications, loan terms, and affordability of the debt. MSHDA must establish policies describing these requirements in the administrative plan.

### **MSHDA Policy**

MSHDA requires that families acquire financing from one of MSHDA's participating lenders and must approve all financing before purchase.

Families, Lenders, and Counselors must consider the following when selecting a Mortgage Product:

1. MSHDA does not permit balloon payment and variable interest rate loans for homeowner financing.
2. Seller financing is prohibited.
3. Financing for purchase of a home under its HCV homeownership program must be provided, insured, or guaranteed by the State or Federal government, comply with secondary mortgage market underwriting requirements, or comply with generally

accepted private sector underwriting standards; or if the purchase of a home is financed with FHA mortgage insurance, financing is subject to FHA mortgage insurance requirements.

### **15-VII.I. CONTINUED ASSISTANCE REQUIREMENTS; FAMILY OBLIGATIONS [24 CFR 982.633]**

Homeownership assistance may only be paid while the family is residing in the home. If the family moves out of the home, MSHDA may not continue homeownership assistance after the month when the family moves out. The family or lender is not required to refund to MSHDA the homeownership assistance for the month when the family moves out.

Before commencement of homeownership assistance, the family must execute a statement in which the family agrees to comply with all family obligations under the homeownership option.

The family must comply with the following obligations:

- The family must comply with the terms of any mortgage securing debt incurred to purchase the home, or any refinancing of such debt.
- The family may not convey or transfer ownership of the home, except for purposes of financing, refinancing, or pending settlement of the estate of a deceased family member. Use and occupancy of the home are subject to 24 CFR 982.551 (h) and (i).
- The family must supply information to MSHDA or HUD as specified in 24 CFR 982.551(b). The family must further supply any information required by MSHDA or HUD concerning mortgage financing or refinancing, sale or transfer of any interest in the home, or homeownership expenses.
- The family must notify MSHDA before moving out of the home.
- The family must notify MSHDA if the family defaults on a mortgage securing any debt incurred used to purchase the home.
- During the time the family receives homeownership assistance under this subpart, no family member may have any ownership interest in any other property.
- The family must comply with the obligations of a participant family described in 24 CFR 982.551, except for the following provisions which do not apply to assistance under the homeownership option: 24 CFR 982.551(c), (d), (e), (f), (g) and (j).

#### MSHDA Policy

Post-purchase requirements are found in the Statement of Homeowner Obligations Form (HO-103). See Exhibit 15-1. If *Key to Own Participants* do not meet these responsibilities the participants may be terminated from the HCV Homeownership Program.

An assisted family, or members of the family, may not receive Section 8 tenant-based assistance while receiving another housing subsidy, for the same unit or for different unit under any duplicative Federal, State or local housing assistance program.

#### **15-VII.J. MAXIMUM TERM OF HOMEOWNER ASSISTANCE [24 CFR 982.634]**

Except in the case of a family that qualifies as an elderly or disabled family, other family members (described below) shall not receive homeownership assistance for more than:

- Fifteen years, if the initial mortgage incurred to finance purchase of the home has a term of 20 years or longer; or
- Ten years, in all other cases.

The maximum term described above applies to any member of the family who:

- Has an ownership interest in the unit during the time that homeownership payments are made; or
- Is the spouse of any member of the household who has an ownership interest in the unit during the time homeownership payments are made.

In the case of an elderly family, the exception only applies if the family qualifies as an elderly family at the start of homeownership assistance. In the case of a disabled family, the exception applies if at any time during receipt of homeownership assistance the family qualifies as a disabled family.

If, during the course of homeownership assistance, the family ceases to qualify as a disabled or elderly family, the maximum term becomes applicable from the date homeownership assistance commenced. However, such a family must be provided at least 6 months of homeownership assistance after the maximum term becomes applicable (provided the family is otherwise eligible to receive homeownership assistance).

If the family has received such assistance for different homes, or from different PHAs, the total of such assistance terms is subject to the maximum term described in this part.

##### MSHDA Policy

The maximum term for MSHDA HCV Homeownership assistance will be for 10 years with a possible 5 year extension, unless disabled or elderly. If elderly or disabled, the term of assistance will be for the life of the loan.

#### **15-VII.K. HOMEOWNERSHIP ASSISTANCE PAYMENTS AND HOMEOWNERSHIP EXPENSES [24 CFR 982.635]**

The monthly homeownership assistance payment is the lower of: the voucher payment standard minus the total tenant payment, or the monthly homeownership expenses minus the total tenant payment.

In determining the amount of the homeownership assistance payment, MSHDA will use the same payment standard schedule, payment standard amounts, and subsidy standards as those described in this plan for the Housing Choice Voucher program. The payment standard for a family is the greater of (i) the payment standard as determined at the commencement of homeownership assistance for occupancy of the home, or (ii) the payment standard at the most recent regular reexamination of family income and composition since the commencement of homeownership assistance for occupancy of the home.



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MSHDA may pay the homeownership assistance payments directly to the family, or at MSHDA's discretion, to a lender on behalf of the family

If during the 15 year eligibility period, the family goes to zero HAP, Homeownership assistance for a family terminates automatically 180 calendar days after the last homeownership assistance payment on behalf of the family. However, MSHDA may grant relief from this requirement in those cases where automatic termination would result in extreme hardship for the family.

MSHDA must adopt policies for determining the amount of homeownership expenses to be allowed by MSHDA in accordance with HUD requirements.

Homeownership expenses only include amounts allowed by MSHDA to cover:

- Principal and interest on initial mortgage debt and any mortgage insurance premium incurred to finance purchase of the home;
- Real estate taxes and public assessments on the home;
- Home insurance;
- The MSHDA allowance for maintenance expenses;
  
- The MSHDA utility allowance for the home;
- For a condominium unit, condominium operating charges or maintenance fees assessed by the condominium homeowner association.

### **15-VIII.L. PORTABILITY [24 CFR 982.636, 982.637, 982.353(b) and (c), 982.552, 982.553]**

Subject to the restrictions on portability included in HUD regulations and MSHDA policies, a family may exercise portability if the receiving PHA is administering a voucher homeownership program and accepting new homeownership families. The receiving PHA may absorb the family into its voucher program or bill the initial PHA.

The family must attend the briefing and counseling sessions required by the receiving PHA. The receiving PHA will determine whether the financing for, and the physical condition of the unit, are acceptable. The receiving PHA must promptly notify the initial PHA if the family has purchased an eligible unit under the program, or if the family is unable to purchase a home within the maximum time established by MSHDA.

#### MSHDA Policy

A family may qualify to move outside of MSHDA's jurisdiction with continued homeownership or tenant-based assistance under the voucher program if **all** of the following criteria apply:

1. For homeownership assistance, the receiving PHA must be absorbing a voucher homeownership program, and be accepting new homeownership families.

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2. The family must sell its current home and pay all mortgages and liens on the property in order to purchase and port to another home.
3. The receiving PHA:
  - Will have the same administrative responsibilities of the initial PHA except that some administrative functions (e.g. issuance of a voucher or execution of a tenancy addendum) do not apply.
  - Must absorb the family into its voucher program.
  - Will determine if financing and physical condition of the unit is acceptable and all homeownership policies apply.
4. The maximum term of homeownership assistance applies to the cumulative time the family has received homeownership assistance. The total must **not** exceed the maximum term of 15 years unless elderly or disabled.

Note: All portability policies that are in place for the HCV rental assistance program are applicable to the HCV homeownership program. All homeownership program eligibility criteria will apply, i.e. the family must be a participant with MSHDA's rental program for one year and in good standing, etc.

### **15-VII.M. MOVING WITH CONTINUED ASSISTANCE [24 CFR 982.637]**

A family receiving homeownership assistance may move with continued tenant-based assistance. The family may move with voucher rental assistance or with voucher homeownership assistance. Continued tenant-based assistance for a new unit cannot begin so long as any family member holds title to the prior home.

MSHDA may deny permission to move to a new unit with continued voucher assistance:

- If MSHDA has insufficient funding to provide continued assistance.
- In accordance with 24 CFR 982.638, regarding denial or termination of assistance.
- In accordance with MSHDA's policy regarding number of moves within a 12-month period.

MSHDA must deny the family permission to move to a new unit with continued voucher rental assistance if:

- The family defaulted on an FHA-insured mortgage; and
- The family fails to demonstrate that the family has conveyed, or will convey, title to the home, as required by HUD, to HUD or HUD's designee; and the family has moved, or will move, from the home within the period established or approved by HUD.

#### MSHDA Policy

MSHDA will allow a family receiving homeownership assistance to purchase another home with continued assistance if **all** of the following criteria are met:

1. The family has not had a mortgage loan default.

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2. The family sells its current home in order to purchase another with homeownership assistance.
3. There are no recapture provisions associated with the family's home; therefore, the family may keep any profits or proceeds from the sale of the home
4. All eligibility criteria applicable to the first home purchase are met. The only exception to the eligibility requirements is that the family need not meet the first-time homebuyer requirement.
5. All counseling deemed necessary by MSHDA has been satisfactorily completed.
6. An independent home inspection on the subsequent purchase has been completed and approved by MSHDA.
7. The financing mechanism for this subsequent purchase has been submitted and approved by MSHDA.
8. The maximum term of homeownership assistance applies to the cumulative time the family has received homeownership assistance. The total must **not** exceed the maximum term of 15 years.

**MSHDA will only allow one move by the family during any one-year period.**

### **15-VII.N. DENIAL OR TERMINATION OF ASSISTANCE [24 CFR 982.638]**

At any time, MSHDA may deny or terminate homeownership assistance in accordance with HCV program requirements in 24 CFR 982.552 (Grounds for denial or termination of assistance) or 24 CFR 982.553 (Crime by family members).

MSHDA may also deny or terminate assistance for violation of participant obligations described in 24 CFR Parts 982.551 or 982.633 and in accordance with its own policy.

MSHDA must terminate voucher homeownership assistance for any member of family receiving homeownership assistance that is dispossessed from the home pursuant to a judgment or order of foreclosure on any mortgage (whether FHA insured or non-FHA) securing debt incurred to purchase the home, or any refinancing of such debt.

## **PART VIII. SECTION 8 MODERATE REHABILITATION PROGRAM**

**[24 CFR Part 882]**

### **15.VIII.A. OVERVIEW**

The purpose of the Moderate Rehabilitation Program (MRP) is to upgrade substandard rental housing and to provide rental subsidies for low-income families. As outlined in 24 CFR Part 882, existing structures of various types may be appropriate for this program including single-family houses, multi-family structures and group homes.

#### MSHDA Policy

MSHDA administers the Section 8 Moderate Rehabilitation Program at designated properties in the State of Michigan by following the above cited CFR.

**PART IX. HUD - VETERANS ADMINISTRATION  
SUPPORTIVE HOUSING (VASH)**

**[Federal Register, May 6 and May 19, 2008]**

**15.IX.A. OVERVIEW**

The HUD-VASH program combines HUD HCV rental assistance for homeless veterans with case management and clinical services provided by the Department of Veterans Affairs (VA) at its medical centers and in the community. Ongoing VA case management, health, and other supportive services is made available to homeless veterans at many VA Medical Center (VAMC) supportive services sites across the nation. MSHDA partners with three VA Medical Centers in Michigan: the John D. Dingell VA Medical Center in Detroit; the Oscar Johnson VA Medical Center in Iron Mountain, and the Aleda E. Lutz VA Medical Center in Saginaw, Michigan.

MSHDA Policy

MSHDA administers the Veterans Administration Supportive Housing (VASH) program by following the above Federal Register Notices and subsequent HUD guidance.

**PART X. MAINSTREAM AND MAINSTREAM 5**

**[24 CFR Part 982]**

**15.X.A. OVERVIEW**

The Mainstream Voucher Program assists persons with disabilities in locating suitable and accessible housing.

MSHDA Policy

MSHDA administers the Mainstream and Mainstream 5 program.

**PART XI. MOVING UP PILOT PROGRAM**

**15.XI.A. OVERVIEW**

MSHDA Policy

MSHDA is established a pilot program in Detroit, Michigan to be called the Moving Up Program in calendar 2014 and continues to administer this pilot program MSHDA is designating the use of a limited number of its own HCV vouchers for this program.

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- The Authority, the Michigan Department of Community Health, and the Detroit Continuum of Care (CoC) will be partnering in a pilot program preferencing individuals and families transitioning, or “moving up”, from Permanent Supportive Housing (PSH) units. These are person that were previously homeless prior to entry in to the PSH program and who continue to need a housing subsidy, but no longer need the intense level of supportive services PSH provides.
- Referral agencies for these Housing Choice Vouchers will be Detroit CoC Permanent Supportive Housing providers that are recipients or sub-recipients of funding under the CoC Program (programs formerly called Shelter + Care and the Supportive Housing Program (SHP)
- Detroit CoC PSH providers will use a common assessment tool to identify those individuals and families that have reached a level of stability that makes them a good candidate for a successful transition to a Housing Choice Voucher. Those individuals and families will then be placed on a separate waiting list for this Moving Up pilot.
- The Authority initially allocated up to 100 Housing Choice Vouchers in Wayne County towards this Pilot Program in FY 2014-15. In FY 2016, the Authority currently administers 370 vouchers in the following counties: Wayne, Oakland, Genesee, Kent, Grand Traverse, and Washtenaw.
- As the Pilot Program moves forward, the Authority will select additional sites across the state of Michigan, and may allocate additional vouchers towards this program as needed. The Authority will work with individual CoC PSH providers when additional sites for this pilot are identified for assistance in implementation.

## **XII. FAMILY SELF-SUFFICIENCY PROGRAM**

**[24 CFR Part 984]**

### MSHDA Policy

MSHDA Administers a Family Self-Sufficiency Program in compliance with 24 CFR Part 984 with funding received from HUD.

### **PART XIII. PRISONER RE-ENTRY PILOT PROGRAM**

MSHDA is beginning discussions with the Michigan Department of Corrections to design a program to enhance the Michigan Prisoner Re-entry Program. This new program may involve using a small portion of MSHDA's Housing Choice Vouchers for returning citizens that need long-term rental assistance. MSHDA may allocate up to 200 Housing Choice Vouchers to be used in conjunction with this program. It is projected that these Housing Choice Vouchers would be contracted between 2016 and 2018.

### **PART XIV. AFFORDABLE ASSISTED HOUSING PROGRAM (AAHP)**

MSHDA administers a MSHDA's pilot program, Affordable Assisted Housing Program (AAHP), in Macomb and Oakland Counties; which combines a HCV voucher with the Michigan Medicaid Waiver to provide housing as an alternative to nursing home care